

PROCLAMATION

BY THE

Governor of the State of Texas

41-1749

ALL TO WHOM THESE PRESENTS SHALL COME:

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June 13, 1979

JUN 21 1979

Pursuant to Article IV, Section 14 of the Constitution of Texas, I hereby veto House Bill 1082, because of the following objections:

This bill would allow all types of local governments to be self-insured. This is a concept that requires careful planning, intense actuarial studies, and close regulation. The original intent of House Bill 1082 was completely changed and undebated with a floor amendment in the Senate during consideration of a consent calendar. The provisions of the amendment were included in a separate Senate bill which did not have sufficient support to get out of committee.

This bill delegates the authority for local governments to self insure all lines of insurance without having to comply with any of the safeguards provided in the Texas Insurance Code, and precludes any regulation by the State Board of Insurance. It is void of any guidelines regarding proper underwriting techniques, safety engineering, loss prevention, reserving standards, examination and auditing safeguards, claims payment practices, actuarial determinations, or other safeguards, such as spreading of risk through adequate reinsurance.

This bill provides no limitation as to the amount of exposure nor a requirement that the exposure be funded in a manner that is actuarially sound. The potential for losses to exceed funding could result in an undue burden on the taxpayers of the political subdivision.

This bill certainly deserved more than a mere amendment to another bill on a consent calendar, and I therefore veto House Bill 1082.

Respectfully,

W. P. Clements, Jr.
William P. Clements, Jr.
Governor



FILED IN THE OFFICE OF THE
SECRETARY OF STATE
..... 4:45 p.m. O'CLOCK